

OSA-4647-65  
#1739

REPLY TO:  
Audit Liaison Office  
P. O. Box 8155  
S. W. Station  
Washington, D. C.

7 December 1965

SUBJECT: Review of ECP #1987-22  
Airborne Instrument Laboratory  
Deer Park, New York

TO : Contracting Officer

1. A review was made of the contractor's cost proposal to provide maintenance service for the CDC-3200 computer complex and peripheral equipment. All the maintenance services will be performed by a sub-contractor, Control Data Corporation, with no input to be contributed by the subject contractor except to function as a contracting agent at a cost of \$26,639. The period of performance is estimated to commence on 31 January 1966 and to terminate on 30 October 1966 (nine - 9 - months.)

2. A summary of the contractor's cost proposal and the auditor's applicable comments are as follows:

|                      | <u>Per<br/>Proposal</u> | <u>Ref<br/>Notes</u> |
|----------------------|-------------------------|----------------------|
| Subcontracting (CDC) | \$171,176               | a                    |
| G & A @7.5%          | 12,838                  | b                    |
| Total Cost           | <u>\$184,014</u>        |                      |
| Fee Requested 7.5%   | 13,801                  | cc                   |
| <br>TOTAL PROPOSAL   | <br><u>\$197,815</u>    |                      |

Ref Notes:

a. The contractor's pricing of maintenance service is based on a published price list supplied by the subcontractor (CDC) for contracts with the General Services Administration. The subcontractor's price list/catalogue offers four (4) options for available maintenance service as follows:

- Option I - Eight (8) hour day, five (5) days per week
- Option II - Twelve (12) hour day, five (5) days per week
- Option III - Sixteen (16) hour day, five (5) days per week
- Option IV - Twenty (20) hour day, five (5) days per week

The contractor has elected to present the proposal based on option IV, since the equipment to be serviced will be in operation for 20 hours per day. If the Option I is considered desirable by technically qualified representatives, then this would result in a subcontract cost savings of \$108,326 as presented as follows on attached schedule.

b. The contractor proposed a G & A rate of 7.5%. If Option IV is considered acceptable, then the auditor accepts the contractor's proposed rate. If one of the other three options are considered desirable, the auditor recommends a G & A rate of 7.4%. A review of the current year book rates and forecasted budgets indicates that the 7.5% rate may be excessive. No adjustment was made to Option IV costs since a rate reduction of .1% would result in only a minor cost saving.

c. The contractor has requested a fee based on 7.5% of the estimated costs.

SIGNED

WILLIAM F. EDWARDS  
Auditor General Representative (APL)

| Description<br>OF<br>Equipment | CNC<br>Part<br>Number | No of<br>Months | Option # IV       |                            | No of<br>Months | Option # I        |                           | Difference |
|--------------------------------|-----------------------|-----------------|-------------------|----------------------------|-----------------|-------------------|---------------------------|------------|
|                                |                       |                 | Monthly<br>Charge | Total Cost Per<br>Proposal |                 | Monthly<br>Charge | Total Cost<br>Per Auditor |            |
| 4K-Computer                    | 8041                  | 7               | 22275             | 1559                       | 7               | 135-              | 945                       | 614        |
| Data Channel Card              | 3681                  | 7               | 33-               | 231                        | 7               | 20-               | 140                       | 91         |
| Transf. Control Card           | 3270-A                | 7               | 1650              | 116                        | 7               | 14-               | 98                        | 18         |
| Magnetic Tape Contr.           | 1623                  | 7               | 18150             | 1270                       | 7               | 110-              | 770                       | 500        |
| Magnetic Tape Group            | 604                   | 7               | 325-              | 2275                       | 7               | 130-              | 910                       | 1365       |
| Magnetic Tape Contr.           | 3423                  | 7               | 264-              | 3696                       | 7               | 160-              | 1120                      | 2576       |
| Disc Rec Controller            | 3231                  | 7               | 8250              | 578                        | 7               | 50-               | 350                       | 228        |
| Disc Storage Unit              | 1311-1                | 7               | 16250             | 1137                       | 7               | 130-              | 910                       | 227        |
| Disc Storage Unit              | 1311-2                | 7               | 13750             | 963                        | 7               | 110-              | 770                       | 193        |
| Travel Switch                  | 8271-15               | 7               | 1280              | 179                        | 7               | 2240              | 157                       | 22         |
| 3200 Computer                  | Sev-13                | 9               | 572750            | 51548                      | 9               | 258850            | 18120                     | 33428      |
| "                              | Sev-8                 | 9               | 557525            | 50177                      | 9               | 2585-             | 18095                     | 32082      |
| "                              | Sev-63                | 9               | 638300            | 57447                      | 9               | 292350            | 20465                     | 36982      |
|                                |                       |                 |                   | 171176                     |                 |                   | 62850                     | 108326     |